

## **SAMHSA's Weekly Financing News Pulse: National Edition**

### **National News**

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## National News

- **Appellate Judges Begin Hearing Health Reform Cases; HHS Finds Increased Enrollment in High-Risk Insurance Pools:** On May 10, a three-judge panel of the **U.S. Court of Appeals for the 4<sup>th</sup> Circuit** heard oral arguments in cases challenging the national health care reform law's individual mandate. Federal judges originally rejected the measure's constitutionality in the suit filed by **Virginia Attorney General Ken Cuccinelli** (R) and upheld it in the suit filed by **Liberty University** in Lynchburg, Virginia. The appellate judges offered no indication of when they intend to rule. In a related story, on June 1, the **U.S. Court of Appeals for the 6<sup>th</sup> Circuit** will hear oral arguments in the Thomas More Law Center's suit challenging health reform's constitutionality ([Kaiser Health News, 5/10](#); [Bloomberg via Business Week, 5/10](#); [The Washington Post, 5/10](#); [The Hill, 5/11](#); [Kaiser Health News, 5/12](#)). In other news, on May 6, the **U.S. Department of Health and Human Services** (HHS) released enrollment [data](#) for health reform's high-risk pools. HHS found that an additional 6,000 individuals enrolled in the pools between February and March 31, bringing total program enrollment to 18,313. The **Centers for Medicare & Medicaid Services'** (CMS) **Chief Actuary** originally estimated that 300,000 individuals would enroll in the program by the end of 2010 ([Kaiser Health News, 5/6](#)).
- **Court Rules VA Mental Health Services Deficient:** On May 10, the **U.S. Court of Appeals for the 9<sup>th</sup> Circuit** ruled that the **U.S. Department of Veterans Affairs'** (VA) provision of mental health services is deficient to the degree that it violates veterans' constitutional rights. Veterans for Common Sense and Veterans United for Truth filed suit against the VA in 2007, alleging systemic failures in the VA's processing of disability claims and coverage appeals. The court cited "egregious problems" with service provision, including an 84,000-person waiting list for mental health treatment, which the court concluded contributes to veteran suicides. The court sent the case back to a lower court to determine what changes are necessary to ensure prompt care ([Reuters, 5/10](#); [Kaiser Health News, 5/11](#); [Los Angeles Times, 5/11](#)).
- **Sen. Sanders Introduces Bill to Establish State-Federal Single-Payer Health Plan:** On May 9, **Sen. Bernie Sanders** (I-VT) introduced legislation (**S. 915**) to establish a state-based, national single-payer health care system. The bill would replace Medicare, Medicaid, the Children's Health Insurance Program (CHIP), and health reform's insurance exchanges with a system of state-based health care programs that administer coverage and set payment rates. Funded through a series of tax increases and funds originally allocated for subsidies and tax credits under health reform, the programs would be overseen by a federal board. The bill now goes before the **Senate Finance Committee** ([The Hill, 5/9](#); [Kaiser Health News, 5/10](#)).
- **HHS Announces Dual Eligible Service Alignment Initiative:** On May 11, the **U.S. Department of Health and Human Services** (HHS) announced an initiative to better align Medicare and Medicaid services to improve quality and reduce costs for dual eligibles. Under the initiative, HHS will provide states with easier access to Medicare information to improve service alignment. In addition, HHS issued a [Request for Information](#), asking for input on alignment in six areas: care coordination; fee-for-service (FFS) benefits; prescription drugs; cost sharing; enrollment; and appeals. HHS will accept public input for 60 days ([The Hill, 5/11](#); [Kaiser Health News, 5/12](#)).
- **RWJF Announces Initiative to Facilitate State Health Coverage Expansion Efforts Under Health Reform:** On May 6, the **Robert Wood Johnson Foundation** (RWJF) announced a 10-state initiative to facilitate the national health care reform law's coverage expansion. With the goal of a 95

percent national coverage rate, RWJF will provide the states with training and technical assistance, research, consumer engagement, online networking, and leadership development. RWJF officials plan to use the results of the initiative to develop best practices materials to share with other states. The participating states are: Alabama, Colorado, Maryland, Michigan, Minnesota, New Mexico, New York, Oregon, Rhode Island, and Virginia ([RWJF, 5/6](#); [Modern Healthcare, 5/7](#); [Kaiser Health News, 5/9](#)).

## Studies Released

- **KFF Outlines State-Level Impact of Converting Medicaid into a Block Grant Program:** On May 10, the **Kaiser Family Foundation** (KFF) released a [brief](#) examining the state-by-state implications of turning Medicaid into a block grant program and repealing the national health care reform law's Medicaid expansion. The authors estimate that the changes would reduce federal Medicaid spending by \$1.4 trillion, or 34 percent, between 2012 and 2021. In addition, the authors estimate that federal Medicaid funding for states would be reduced by \$243 billion by 2021, a 44 percent reduction from projected funding levels. KFF also projects that annual Medicaid hospital reimbursements would be reduced by up to 38 percent. Finally, KFF estimates that the change would result in 31 to 41 million fewer individuals insured under Medicaid ([KFF, 5/10](#); [Kaiser Health News, 5/10](#)).
- **CBO Estimates MOE Repeal Would Save the Federal Government \$2.8 Billion, Result in More Uninsured Americans:** On May 11, the **Congressional Budget Office** (CBO) released a [report](#) examining the impact of legislation (**H.R. 1683**) currently before the **U.S. House Energy and Commerce Committee** that would repeal the national health care reform law's Medicaid maintenance of effort (MOE) requirement. Under health reform, the federal government finances the initial cost of expanding Medicaid in 2014; however, states must maintain Medicaid eligibility levels until that expansion begins. CBO estimates that eliminating the MOE requirement would reduce the federal deficit by \$2.8 billion between 2012 and 2016 but result in 300,000 newly uninsured individuals ([The Hill, 5/11](#)).
- **Milliman Finds Average Employer-Sponsored Health Costs on the Rise:** On May 11, **Milliman Inc.** released a [report](#) finding that, from 2002 to 2011, the average cost of health care for a family of four on an employer-sponsored health plan rose from \$9,235 to \$19,393. The authors also found that employees' share of health costs rose from \$3,634 to \$8,008 over the same period. Milliman argues that the increase is not a function of increased health care utilization but rather a result of the rising costs of prescription drugs, hospital care, and doctor visits ([AP via The Columbus Dispatch, 5/11](#); [Kaiser Health News, 5/12](#)).
- **HHS Finds Most Uninsured Cannot Afford Hospital Stays:** On May 10, the **U.S. Department of Health and Human Services** (HHS) released a [report](#) finding that few uninsured individuals have the capacity to pay for potential hospital stays. HHS officials estimate that uninsured families can pay in full for only 12 percent of hospital stays that they may experience. With approximately 50 million uninsured individuals, the report notes that previous studies estimated 2008 uncompensated hospital care costs at up to \$49 billion. The authors caution that these costs are often shifted onto insured individuals and employers ([HHS, 5/10](#); [Kaiser Health News, 5/10](#)).

## Around the Hill: Hearings on Health Financing

**House Ways and Means Committee:** *Medicare Physician Payment Overhaul*

May 12, 2:00 p.m. 1100 Longworth